

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 3/24/2015	(3) CONTACT/PHONE Scott Duffield, Project Manager (805) 788-2316	
(4) SUBJECT Request to: 1) approve the Contract for Supply of Nacimiento Water with Heritage Ranch Community Services District and adopt a Notice of Exemption pursuant to Section 21000 et seq. of the California Public Resources Code (CEQA); 2) approve the attached Nacimiento Water Project Wheeling Contract with Heritage Ranch Community Services District and adopt a Notice of Exemption for the Emergency Water Connection to the Nacimiento Water Project (Project) pursuant to Section 21000 et seq. of the California Public Resources Code (CEQA); and 3) authorize the Director of Public Works to enter into subsequent water wheeling contracts with the Heritage Ranch Community Services District (HRCSD) for the delivery of the HRCSD portion of District Entitlement under the same terms and conditions set forth in the Nacimiento Water Project Wheeling Contract. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District (District): <ol style="list-style-type: none"> 1. Approve the attached Contract for Supply of Nacimiento Water with Heritage Ranch Community Services District and adopt a Notice of Exemption for the Contract for Supply of Nacimiento Water pursuant to Section 21000 et seq. of the California Public Resources Code (CEQA); 2. Approve the attached Nacimiento Water Project Wheeling Contract with Heritage Ranch Community Services District and adopt a Notice of Exemption for the Emergency Water Connection to the Nacimiento Water Project (Project) pursuant to Section 21000 et seq. of the California Public Resources Code (CEQA); 3. Authorize the Director of Public Works to enter into subsequent water wheeling contracts with the Heritage Ranch Community Services District (HRCSD) for the delivery of the HRCSD portion of District Entitlement under the same terms and conditions set forth in the Nacimiento Water Project Wheeling Contract, subject to approval as to legal form and effect by County Counsel. 			
(6) FUNDING SOURCE(S) Nacimiento Operating Fund (2200002000)	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW			
(18) SUPERVISOR DISTRICT(S) All Districts.			

Reference: 15MAR24-C-5

County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works
Scott Duffield, Project Manager
Dean Benedix, Utilities Division Manager

VIA: Mark Hutchinson, Deputy Public Works Director

DATE: 3/24/2015

SUBJECT: Request to: 1) approve the Contract for Supply of Nacimiento Water with Heritage Ranch Community Services District and adopt a Notice of Exemption pursuant to Section 21000 et seq. of the California Public Resources Code (CEQA); 2) approve the attached Nacimiento Water Project Wheeling Contract with Heritage Ranch Community Services District and adopt a Notice of Exemption for the Emergency Water Connection to the Nacimiento Water Project (Project) pursuant to Section 21000 et seq. of the California Public Resources Code (CEQA); and 3) authorize the Director of Public Works to enter into subsequent water wheeling contracts with the Heritage Ranch Community Services District (HRCSD) for the delivery of the HRCSD portion of District Entitlement under the same terms and conditions set forth in the Nacimiento Water Project Wheeling Contract. All Districts.

RECOMMENDATION

It is recommended that the Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District (District):

1. Approve the attached Contract for Supply of Nacimiento Water with Heritage Ranch Community Services District and adopt a Notice of Exemption for the Contract for Supply of Nacimiento Water pursuant to Section 21000 et seq. of the California Public Resources Code (CEQA);
2. Approve the attached Nacimiento Water Project Wheeling Contract with Heritage Ranch Community Services District and adopt a Notice of Exemption for the Emergency Water Connection to the Nacimiento Water Project (Project) pursuant to Section 21000 et seq. of the California Public Resources Code (CEQA);
3. Authorize the Director of Public Works to enter into subsequent water wheeling contracts with the Heritage Ranch Community Services District (HRCSD) for the delivery of the HRCSD portion of District Entitlement under the same terms and conditions set forth in the Nacimiento Water Project Wheeling Contract, subject to approval as to legal form and effect by County Counsel.

DISCUSSION

Contract for Supply of Nacimiento Water

The District and the Monterey County Flood Control and Water Conservation District (now the Monterey County Water Resources Agency), made and entered into an agreement dated October 19, 1959 (Master Contract), which assures the District a perpetual supply of 17,500 acre feet of water from the Nacimiento Reservoir per year (District Entitlement). The District has reserved 1,100 acre feet per year (AFY) of the District Entitlement for use within the community of Heritage Ranch.

Commencing in 1972, the District began entering into water supply contracts with various entities owning property within Heritage Ranch (Buyers). A number of these contracts predate the establishment of the HRCSD, and the Buyers have subsequently assigned their rights (with the approval of the District) to the HRCSD (the HRCSD is the original party to only one of the water supply contracts). During the development of the Wheeling Contract (discussed below), it was discovered that a portion of the HRCSD's total 889 AFY entitlement (specifically, 202 AFY) is based on two assignments of rights under a water supply contract that expired in 2012. Thus, the purpose of the Contract for Supply of Nacimiento Water is to ensure that the HRCSD has a perpetual entitlement to the 202 AFY that was previously assigned to it.

Nacimiento Water Project Wheeling Contract

HRCSD is considered a "lakeside user" of Nacimiento Water and receives its entitlement via downstream releases from the Nacimiento Reservoir dam in accordance with the water supply contracts. As a lakeside user, HRCSD did not participate in the development of the pipeline project. Nevertheless, it has identified the need for and requested an emergency connection for several reasons, including the following:

- To provide water during times when there is no flow to the Nacimiento River due to low lake levels.
- To provide water during times when there is no flow to the Nacimiento River due to extended maintenance shutdowns of the outlet works by Monterey County Water Resource Agency.
- To provide water in the event the primary water delivery system is damaged or fails.
- To provide water as required by the California Department of Public Health and Cal Fire.

In response to the HRCSD's request, the District and the HRCSD have designed the emergency connection and have developed a Nacimiento Water Project Wheeling Contract (Wheeling Contract) consistent with the requirements contained in the Nacimiento Project Water Delivery Entitlement Contracts (WDEC). Since the connection will only be utilized on an emergency basis as outlined in the Wheeling Contract, authorizing the Director of Public Works to enter into subsequent water wheeling contracts with the HRCSD (term is one year) under the same terms and conditions set forth in the Wheeling Contract will assist HRCSD to maintain uninterrupted water deliveries to its customers in an emergency situation. The emergency connection is but one component of the project HRCSD will be implementing under an Integrated Regional Water Management Grant as supported and approved by the Board on June 17, 2014.

OTHER AGENCY INVOLVEMENT/IMPACT

The Nacimiento participating agencies that receive Nacimiento water for distribution to their customers include the City of Paso Robles, Templeton Community Services District, Atascadero Mutual Water Company, the City of San Luis Obispo, and County Service Area 10A.

At their February 26, 2015 meeting, the Nacimiento Commission approved forwarding a recommendation to the Board of Supervisors to approve the Nacimiento Water Project Wheeling Contract with HRCSD.

A Notice of Exemption pursuant to Section 21000 et seq. of the California Public Resources Code (CEQA) was issued by the Environmental Coordinator for the Contract for Supply of Nacimiento Water with HRCSD.

A Notice of Exemption pursuant to Section 21000 et seq. of the California Public Resources Code (CEQA) was issued by the Environmental Coordinator for the HRCSD Emergency Water Connection to the Nacimiento Water Project.

The Office of County Counsel has reviewed and approved the attached contracts as to legal form and effect.

The HRCSD and its counsel have participated in development of, and have reviewed and approved the attached contracts.

The California Department of Public Health and Cal Fire support an emergency water connection for HRCSD.

FINANCIAL CONSIDERATIONS

The development of the contracts and all related costs are being funded in the FY 2014-2015 Nacimiento Operating Fund. HRCSD is responsible to cover these costs and has entered into a Utilities Division Engineering Checking and Inspection Agreement with the District for billing reimbursable costs. The estimated construction cost in the amount of \$34,450 will be deposited in advance of construction and any balance remaining will be refunded. Sufficient budget exists in the Nacimiento Operating Fund, therefore no further action is needed at this time.

The future cost of water deliveries to HRCSD as a wheeling customer will be billed at the current cost at the time of use and in accordance with the contract when and if the emergency connection is utilized.

RESULTS

Approval of the recommended actions will result in a positive step in advancing HRCSD's ability to secure an emergency connection to the Nacimiento Water pipeline to enhance reliability of deliveries of their water entitlement when lake levels are at or below minimum pool, or during other events when downstream releases are unavailable or suspended by the Monterey County Water Resource Agency. This will lead to a safer and well-governed community.

File: NWP A.7.9

Reference: 15MAR24-C-5

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ATTACHMENTS

1. Vicinity Map
2. Contract for Supply of Nacimiento Water
3. Notice of Exemption for the Contract for Supply of Nacimiento Water
4. Nacimiento Water Project Wheeling Contract
5. Notice of Exemption for the Emergency Water Connection to the Nacimiento Water Project